

SMPG - Corporate Actions

Telephone Conference Minutes

October 17, 2023

Final Version 1.0 – December 7, 2023

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**Attendees List**

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| --- | --- | --- | --- | --- | --- |
| **NMPG** |  | **First Name** | **Last Name** | **Institution** | **🗸 = Present** |
| AT | Mr. | Guenter | Bauer | Unicredit | Excused |
| AU | Ms. | Priscilla | Ferri de Barros | ASX | Excused |
| BE | Mr. | Hakim | Akka | BNY Mellon | Excused |
| CH | Mr. | Mike | Blumer | Credit Suisse | 🗸 |
| DE | Mr | Daniel | Schaefer | HSBC | Excused |
| DE | Mr | Melchior | Hendrik | Clearstream | Excused |
| DK | Mr. | Randi Marie | Hattens | VP Securities A/S | Excused |
| ES | Mrs | Diego | Garcia | DB | Excused |
| FI | Mr | Tero | Tollikko | Danske Bank | 🗸 |
| FR | Ms. | Stephane | Peard | SGSS | 🗸 |
| HK | Mr. | James | Mullens | Nomura | Excused |
| HU | Mr. | Zoltan | Tkalecz | Citi | Excused |
| HU | Mr. | Gàbor | Szentpéteri | Keler | Excused |
| IT | Ms | Paola | Deantoni | SGSS spa | Excused |
| JP | Ms. | Akiko | Kojima | Mizuho Bank | 🗸 |
| JP | Mr. | Yoshihito | Suzuki | Mizuho Bank | 🗸 |
| JP | Mr. | Fusahiko | Abe | Mizuho Bank | 🗸 |
| LU | Ms. | Catarina | Marques | Clearstream | 🗸 |
| LU | Ms. | Catherine | Falcone | Clearstream | 🗸 |
| MDPUG | Mr. | Peter | Hinds | Interactive Data | Excused |
| MDPUG | Ms. | Laura | Fuller | Telekurs | 🗸 |
| NL | Mr | Huseyin | Boler | ABN AMRO Clearing | 🗸 |
| NO | Mr. | Alexander | Wathne | Euronext | 🗸 |
| PL | Mr. | Michal | Krystkiewicz | KDPW | Excused |
| PL | MS | Monika | Adamowicz | KDPW | Excused |
| RU | Ms | Elena | Solovyeva | ROSSWIFT | Excused |
| SE | Ms. | Christine | Strandberg | SEB | 🗸 |
| SG | Mr | Girish | Pandit | DB | 🗸 |
| SL | Mr. | Rok | Sketa | KDD | Excused |
| UK & IE | Ms. | Mariangela | Fumagalli | BNP Paribas | 🗸 |
| Uk & IE | Mr. | Matthew | Middleton | LSE | Excused |
| US ISITC | Mr. | Steve | Sloan | DTCC | 🗸 |
| US ISITC | Mr. | Paul | Fullam | FIS | 🗸 |
| XS | Mr. | Jean-Paul | Lambotte | Euroclear | 🗸 |
| ZA | Mr. | Sanjeev | Jayram | First National Bank | Excused |
| SWIFT | Mr. | Jacques | Littré | SWIFT | 🗸 |
| SWIFT | Mr. | Didier | Hermans | SWIFT | 🗸 |
|  |  |  |  |  |  |

**Summary of CA WG Meeting Agenda October 17 2023**

1. Approval of August 22 call minutes
2. CA500           CA Tax - Add new Event Type for Tax Classification (SR2022 CR 001796) (Action: NMPGs)
3. CA505           CA Tax - MP for Other Type of Income Qualifier in Movements Sequences (Action: ISITC/Steve)
4. CA512           CA - Review DRIP CHOS with Interim Template (Action: NMPGs)
5. CA513           CA - Reversal / repayment process in ISO20022 (Action: NMPGs/Jacques)
6. CA526           CA - Review GMP1 section 3.14 and 6.11 (movement sequences) (Action: NMPGs)
7. CA542           CA - Questions on SCoRE (Action: ISITC / Steve / Christine / Mari / Jacques / LU / Catherine / NMPGs)
8. CA558           GM - Update MP for SR2023 (Action: NMPGs)
9. CA560           CA - Cancelation Reason in seev.039 (Action: NMPGs)
10. CA562           CA - Instructions below MIEX after proration (Action: Hakim / Steve/NMPGs)
11. CA566           CA - Short/Long balances in CA MX Messages (Action: NMPGs)
12. CA568           CA - Usage of CINL in MT564 Seq. E or E1? (Action: Mari/Tero)
13. CA569           CA Tax - Add Tax Information to Securities Proceeds (Action: NMPGs)
14. CA571           MC - Question on Market Claims (Action: Mari)
15. CA572           MC - Market Claim market Practice review (Action: NMPGs)
16. CA573           CA - Add RDDT to WTRC in EIG
17. AOB

# Approval of August Meeting Minutes

The minutes of the August meeting are approved without any remarks.

# CA500 - CA Tax - Add new Event Type for Tax Classification

Input from ISITC:



The proposed draft market practice was further discussed within the tax sub-group at the October 13 call. It will be further discussed and developed with the tax subgroup and DTCC will provide an example and then it will be turned into a market practice.

**Action**: All NMPGs to provide feedback if any at the November meeting.

# CA505 CA Tax – MP for “Other Type of Income” Qualifier in Movements Sequences

**Input from ISITC:**

*US Market Income Type Codes – Updated 2022*

*US Income Type Codes are used with the IRSX Data Source Scheme. Field 22a::ITYP is available in the MT564 and MT566 in both the Securities (E1/D1) and Cash (E2/D2) movement subsequences.*

*Since there are situations where both a US and foreign (non-US) Income Type code could be applied for the same movement, as from SR2022, new OTYP (Other Type of Income) qualifier was added in the MT564 and MT566 messages.  When multiple Income Type codes are applied for same event and same movement, the recommendation is to place the US IRSX code in 22a::ITYP.*

*As ITYP qualifier is not repeatable, the other non-US jurisdiction (such as CRAX Income Type codes in Canada) should be placed in field 22a::OTYP.  When multiple non-US Income Type codes are to be applied to same event and same movement, OTYP is repeatable and other Income Type codes may be used (such as HMRC for UK and Ireland).*

*For complete list of global Income Type or Exemption Type codes, please refer to SMPG document at:* [*https://smpg.info/fileadmin/documents/1\_Corporate%20Actions%20WG/A1\_CA\_Final\_Market\_Practices/6\_ETYP-ITYP\_Exemption\_IncomeTypeCodes\_v1\_1.pdf*](https://eur05.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.com%2Fv3%2F__https%3A%2Fsmpg.info%2Ffileadmin%2Fdocuments%2F1_Corporate*20Actions*20WG%2FA1_CA_Final_Market_Practices%2F6_ETYP-ITYP_Exemption_IncomeTypeCodes_v1_1.pdf__%3BJSU!!Jkho33Y!n7mAYuUq-ye3yZUa4_bBQnpJCWPXJMgsFZfPB3pDNnqhY7f81e2fmFkkiUHEhcgif_XR6CnQPgCb7A6EL8O_mtgnRQ%24&data=05%7C01%7Cjacques.littre%40swift.com%7Caff63a7e9e8d470d987e08dbc514596e%7C45b55e4435034284bbe10e6bf9fa1d0a%7C0%7C0%7C638320464292629985%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=BkAHsLWTQX9fkX9pmVNY9yEsRfUHgjUjoi3VU74AIqc%3D&reserved=0)

*\*Source:* [*IRS Form 1042-S – US Source Income Subject to Withholding*](https://eur05.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.irs.gov%2Fuac%2FAbout-Form-1042S&data=05%7C01%7Cjacques.littre%40swift.com%7Caff63a7e9e8d470d987e08dbc514596e%7C45b55e4435034284bbe10e6bf9fa1d0a%7C0%7C0%7C638320464292629985%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=%2BasiCoN61xYW312sxK04KCkfdufc2UBPK2lV1k1NVKI%3D&reserved=0)

The above ISITC MP has been drafted specifically for the US. It may need to be updated to make it more generic and applicable across various jurisdictions. It should also be further reviewed by the Tax subgroup.

**Action**: Christine to amend the wording to make it more generic and have it reviewed by the Tax subgroup as well.

# CA512 CA - Review DRIP CHOS with Interim Template

Input document:



Pending action. Item skipped.

**Action**: Mari to forward the updated version of the templates to Jacques so that they can be included into the SMPG templates document on the SMPG website; then close item.

# CA513 CA - Reversal / Repayment Process in ISO 20022

Updated Input:



Jacques updated the document with the comments provided previously (see above).

The payment reversal MP is approved by the WG and will be added to GMP1 in a new specific chapter dedicated to reversals (right after the Movement Confirmation Message chapter).

**Actions**: Jacques to update GMP1 accordingly and close item.

# CA526 CA - Review GMP1 section 3.14 and 6.11 (movement sequences)

Input document from Mike (received on July 4):



No further comments received from NMPGs.

The MP is approved by the WG.

DE Comments Post Meeting:

DE-NMPG feedback: For fund distributions, we use :92J::GRSS// to report the different elements of the distribution (e.g. INCO, INTR, SOIC, REES), which can, depending on the type of investor, lead to different tax rates being applied to these elements. However, the payment is executed in one final sum only. This is documented in the German Market Practice and cannot be changed in the German market.

Do you agree that we can still use :92J:GRSS// with different elements of the distribution (e.g. INCO, INTR, SOIC, REES)?

**Action**: Jacques to update GMP1 accordingly and close item.

# CA542 CA – Questions on the CA SCoRE Standards & CAPC Usage?

* Follow up on Action 1: ISITC Use cases of CAPC usage

Input:



In the US market, for Redemption events, the CAPC message is used in a number of scenarios involving Lottery processing. The attached PowerPoint document outlines the usage per each Redemption event based scenario. As the CAPA message details the lottery results, the CAPC is involved with the cancellation of lottery results. For distribution events such as DVCA, the CAPC message is utilised whenever a CAPA projection is cancelled prior to allocation.

* Follow up on Action 2: Review of GMP1 sections 3&4.

The review of GMP1 section 3 & 4 still needs to be completed. The updated sections will be distributed for review to the group ahead of the meeting in November.

* Follow up on Action 3 – ECMS/SCoRE Std - Migration of CA to ISO 20022

Input:



Catherine, Jean-Paul, and Jacques have worked on a comparison of the data types supported in ISO 15022 and ISO 20022 variant 1 and gave prepared some draft guidelines for the use of variant 1 of CA messages in ISO20022 to ensure coexistence with ISO15022. These could be generic guidelines (eg. in a market practice) or stricter guidelines/schema in MyStandards.

This should ideally be discussed with other organisations like ISSA, AFME, ECSDA to understand if and how we can arrange to only have one message version and one variant supported with defined guidelines (CBPR+ like?).

To be addressed at the November meeting. We should discuss the interaction with other associations, such as: ECSDA, AFME and ISSA.

**Actions**:

1. NMPGs to review the use cases for CAPC usage for lottery events.
2. Christine, Mari and Jacques to finalise review of GMP1 Section 3 & 4 in light of the new CAPA “Function” element.
3. Jacques to further update the guidelines document. Guidelines to be shared with NMPGs ahead of November meeting.

# CA558 GM – Update MP for SR2023

Input: GM MP



**Actions:** Jacquesto publish the GM MP for SR2023 asap. Then close item. If some NMPGs have any additional comments, please forward them asap to Mari, Christine and Jacques.

# CA560 CA - Cancelation Reason in seev.039 (new)

Context: In the General Information, there’s an optional Cancellation Reason narrative element, up to 140 characters. Are there any discussions around coding that instead of being narrative?

SE: no such business case in Sweden. Carried forward to November meeting.

**Action**: NMPGs to gather input on potential usage of additional reason codes.

# CA562 CA – Instruction below MIEX after Proration

ISITC/US input: On this topic, there may be some misunderstanding of the issue. We think where instructions can be rejected is, if after proration, the resulting units falls below the base denomination of the entitled security. It is not the minimum exercisable.

The US supports to go ahead with a CR to create a new indicator to confirm that in case of proration, instructions that fall below the MIEX will be rejected.

**Action**: NMPGs to provide feedback/comments on the proposed approach for a CR.

# CA566 CA – Short/Long Balances in CA MX Messages

Input from Randi:



Skipped. Carried forward to next call.

**Action**: NMPGs to review input.

# CA568 CA – Usage of CINL in MT564 seq. E or E1

Input From Randi:



Skipped. Carried forward to next call.

**Actions:**

1. Mari to share the FR example with Randi to see if a recommendation on the usage can be put forward for GMP1.
2. Tero to provide an example of the Finnish calculation to ensure the reporting of the pricing is correct.

# CA569 CA Tax - Add Tax Information to Securities Proceeds

Input for Updated MP:





Skipped. Carried forward to next call.

**Action:** NMPGs to review and revert for next call.

# CA571 MC - Question on Market Claims (Action: Mari)

Skipped. Carried forward to next call.

**Action**: Mari to answer based on the answer discussed with Christine in May.

# CA572 MC - Market Claim market Practice review (Action: NMPGs)

Christine has provided an initial draft of the MC MP. It will be shared with the group once reviewed by Mari and Jacques.

Skipped. Carried forward to next call.

**Action:** Mari**,** Christine, Jacques to review the draft MP document and then share with the group .

# CA573 – CA Add RDDT to WTRC in EIG

Skipped. Carried forward to next call.

# Tax Subgroup – Call for more NMPG Representation

In the course of 2023, both Tax subgroup co-chairs (Jean-Pierre Klak and Jyi-Chen Chueh) left the SMPG and the subgroup was left without co-chairs since then.

Despite a call for new co-Chairs in the subgroup, no candidacy application was received for the co-chair positions and the NMPGs representation tends to weaken.

Therefore, we request, for the NMPGs not participating already to the Tax SG, to check among their members if there is anyone interested to join the Tax subgroup.

**Action**: NMPG’s to check amongst their membership if anyone is interested to participate and contribute to the MP works in the Tax subgroup (around 4 WG meeting/call of 60 to 90 minutes scheduled per year usually).

# AOB

## Usage of special characters in some ticker symbols (will become CA574)

We have been contacted recently at Swift by users of securities messages saying that some special characters not supported by the FIN x character set are now sometimes used in ticker symbol as identification of the financial instruments and they cannot be used in the 35B field.

Some users would like to submit a CR to modify the character set of 35B which is impacting all cat 5 messages.

**Action**: Topic to be discussed further with SnR WG in La Hulpe in November.

## EU FASTER Directive - New ISO Messages Required (will become CA575)

We have been contacted recently at Swift by Ross McGill - chair of the AQAI (Association of Qualified & Authorised Intermediaries) - to see if Swift /SMPG would be interested to collaborate with AQAI to drive the ISO message design to support the FASTER directive.

Input:



**Action**: SMPG involvement in the design of the new messages for the CFI reporting to be further discussed at the November meeting.

**Next CA WG meeting: 14 – 16 November 2023 - In person meeting at Swift HQ La Hulpe (BE)**

**------------------------ End of the Meeting Minutes ---------------**